

STRATEGY AND CULTURE ALIGNMENT BY MEANS OF AN ORGANIZATIONAL MODEL AT
PT POS INDONESIA RURAL LOGISTIC PROJECT

Ratri Vibhuti Widyasari Wismakumara and John Welly
School of Business and Management
Institut Teknologi Bandung, Indonesia
ratri.vibhuti@sbm-itb.ac.id

Abstract—PT Pos Indonesia is going to develop a new project in order to reposition their current core business, called *The Rural Logistic Project*. This project will integrate all of the PT Pos Indonesia core business. One of the thing that might support *The Rural Logistic Project* performance is the culture transformation. Here, by using the organizational model which is the 7-S Framework, it can be defined what type of culture that will fit *The Rural Logistic Project*. Other tools which also help to measure the identification of the culture are the strategy map and the OCAI. The tools giving the result that the suitable culture is the Market culture. There are also several additional values that can be combine with the existing corporate values which is the CINTA POS.

Keywords : culture, business reposition, organizational model, PT Pos Indonesia, rural logistic project

I. Introduction

PT Pos Indonesia has three core businesses. The first one is mail and package business, the second one is financial service business and the third one is logistic business. From three of the core business, the mail and package business has the largest contribution for PT Pos Indonesia which is about 54%. Some of PT Pos Indonesia domestic mail and package products are Pos Express, Pos Kilat Khusus, Pos Kilat, Admail and Filateli. The financial service business contributed to PT Pos Indonesia for about 37%. This type of business has the fastest business growth among others since it become a part of the national payment system. According to *Penjelasan Umum Undang-undang No 38 Tahun 2009 Tentang Pos*, PT Pos will be serving in payment transaction service and not including the depositing service. Some of the products are Pospay, Wesel Pos, Giro Pos, Fund Distribution and Bank Channeling. The third core business is the logistic business, which is contributed for

only 7% of the total PT Pos Indonesia business. Fortunately, this line of business was the supporting business activities which give an added value for PT Pos Indonesia. The logistic business has a purpose to giving services that can be customized and integrated to customers. The products from this business contains such as customized service, cargo service and other logistic service. The service also can be given in some ways such as door to door, door to port, port to door and port to port depends on customer requirements. Other logistic services also included warehousing, customs clearance, management inventory, marking and labeling and also tracking.

II. Business Issue Exploration

Conceptual Framework

The picture below showed the 7-S Framework. It was developed by McKinsey, Robert Waterman, Tom Peters and Julien Phillips in the early 1980s which is based on the proposition that the effectiveness of an organization comes from the multiple factor interaction^[1].

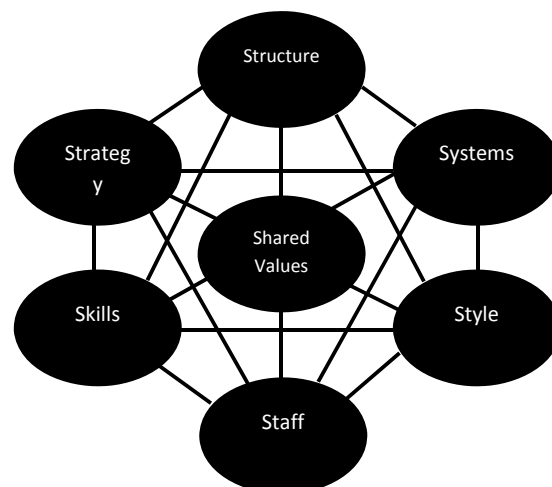


Figure 1 : The 7-S Framework

The 7-S Framework examines seven elements which are linked each other. These elements can be divided into two categories. The first one is the hard element which are strategy, structure and system that represent the un-shifting traits or relatively more stable. The rest are categorized into the soft elements which represent the more complex traits or it might be influenced by things such as culture or environment. The 7-S Framework assumes that effectiveness of the culture of the organization depends on two factors. The first one is how strong the culture is and the second one is how well culture is aligned with other organs of the body (strategy-culture fit)^[2].

Here, PT Pos Indonesia is going to implement an integrated core business which will be done by doing the Rural Logistic Project which will aim the rural society market. Here, they need to develop a suitable organizational culture to support the project performance. This research is focus on the Rural Logistic Project Pilot Project suitable organizational culture.

Corporate Culture at PT Pos Indonesia

Here, it is important to identify what is like the culture in PT Pos Indonesia and what type of culture will support the Rural Logistic Project. So far, PT Pos Indonesia has their corporate values which is called CINTA POS. It was established in 2010, according to Director Decision in 2010. As it has been stated before, these corporate values CINTA POS stands for *customer orientation, integrity, networking, teamwork, accountable, professional, obsessed and spiritual*.

Methodology

To identify the shared values or culture, there are two types of methodology in this research. The first one is the quantitative methodology which contains the organization culture assessment instrument (OCAI). The total respondents of the OCAI are 52 respondents which come from various directorate and also from various type of management level such as Senior Vice President, Vice President, Manager, Staffs and employees at PT Pos Indonesia. This method is categorized into Stratified Sampling where this kind of sampling is used when representatives from each subgroup within the population need to be represented in the sample. The OCAI provides information about deep understanding in corporate culture. The second methodology is the qualitative methodology which contains the strategy map analysis and

also focus group discussion with various employees from related management. The strategy map helps to provide information about deep understanding in corporate values.

Data Processing

The organization culture assessment instrument provides an output which is an information about the organization culture profile.

re in PT

Description		(NOW)				A=B+C+D
		Type of Organization Culture				
		Clan	Adhocracy	Market	Hierarchy	
		A	B	C	D	
Culture Attributes	1	27,50	22,69	25,77	24,04	100,00
	2	25,77	21,92	22,12	30,19	100,00
	3	26,44	22,79	21,35	29,42	100,00
	4	30,48	20,67	20,10	28,75	100,00
	5	21,92	23,94	22,50	31,63	100,00
	6	23,56	22,21	26,35	27,88	100,00
Average Score		25,95	22,37	23,03	28,65	100,00

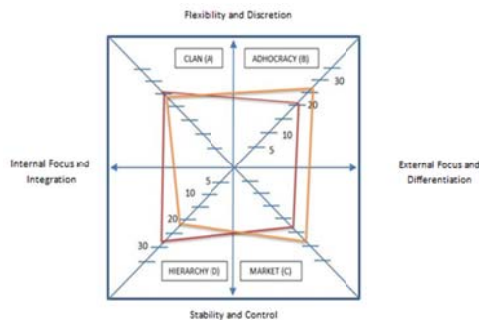
As we can see from the table above, the first attribute has the highest score in the clan culture with 27,50 point. The second attribute has the highest score in the hierarchy culture with 30,19 point. The third attribute has the highest score in the hierarchy culture with 29,42 point. The fourth attribute has the highest score in the clan culture with 30,48 points. The fifth attribute has the highest score in the hierarchy culture with 31,63 point. Last but not least, the sixth attribute has the highest score in the hierarchy culture with 27,88 point. The overall culture indicates that the culture that exist in PT Pos Indonesia right now is the Hierarchy culture with the highest average score for 28,65 point.

e in PT

Description		(PREFERRED) Type of Organization Culture				A=B+C+D
		Clan	Adhocracy	Market	Hierarchy	
		A	B	C	D	
Culture Attributes	1	22,79	24,90	30,19	22,12	100,00
	2	22,31	28,75	26,25	22,69	100,00
	3	24,23	23,65	28,75	23,37	100,00
	4	26,15	26,15	28,17	19,52	100,00
	5	26,44	25,58	25,77	22,21	100,00
	6	25,38	23,65	27,60	23,37	100,00
Average Score		24,55	25,45	27,79	22,21	100,00

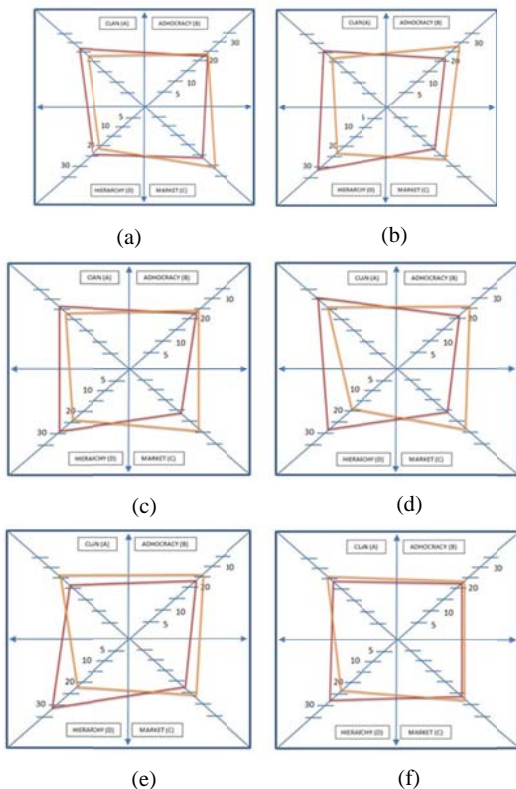
The table above is the table of the preferred organization culture in PT Pos Indonesia. We

can see, the first attribute has the highest score in the market culture with 30,19 point. The second attribute has the highest score in the adhocracy culture with 28,75 point. The third attribute has the highest score in the market culture with 28,75 point. The fourth attribute has the highest score in the clan market with 28,17 points. The fifth attribute has the highest score in the clan culture with 26,44 point. Last but not least, the sixth attribute has the highest score in the market culture with 27,60 point. The overall culture indicates that the culture that people in PT Pos Indonesia preferred is the market culture with the highest average score for 27,79 point.



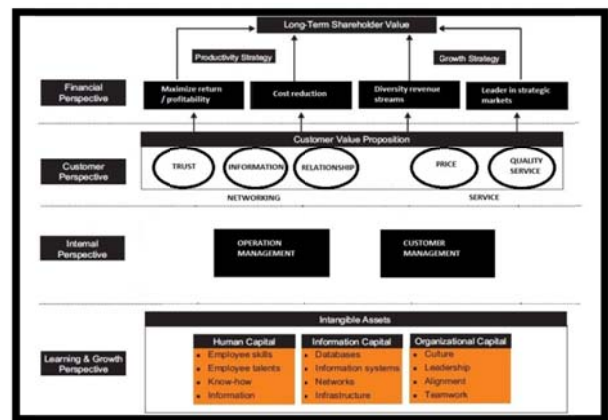
are

Picture above shows that based on the OCAI, the existing culture for PT Pos Indonesia is the hierarchy culture, which represented by the red colour and the preferred culture is the market culture which is represented by the orange colour.



The figures above describe that most of the existing PT Pos Indonesia organization culture attributes is the hierarchy culture and the preferred one is the market culture. At the existing culture, the first attribute which is the dominant characteristic attribute and the fourth attribute which is the organizational glue attribute show the dominance to the clan culture. At the preferred culture, the second attribute culture which is the leadership style, shows the dominance to the adhocracy culture. Meanwhile, the fifth attribute which is the strategic emphases attribute shows the dominance to the clan culture. In this case, even though some of the attributes show different culture types but somehow the profiles still show particular pattern of similarity.

From the strategy map, the analysis provides information about the customer perspective related to the financial perspective, internal perspective and the learning and growth perspective. PT Pos Indonesia Rural Logistic Project stakeholders are government, banks, assurance, producer, partner in processing grain, partner in handling the storage system, trader communities (kelompok pedagang/pokdang) and farmer communities (poktan/kelompok tani)^[3].



Strategy Map

Based on the information, it is must be understood what are the stakeholder wants and needs. Here, there are list of the stakeholder wants and needs that can be divided into five kind of values. The value are trust, information, relationship, price and quality service. The five values then could be clasified into two type of goals that PT Pos Indonesia Rural Logistic is aiming to. The first one is networking and the

second one is service. The value trust, information and relationship were identified can support the networking goal. Price and quality service were identified can support the service goal. After defined the customer perspective, next is the internal perspective. Here, it is must be known what kind of business process that the PT Pos Indonesia Rural Logistic will use. In this case, there are two kind of business process that might support the output of the customer perspective which is networking and service. The suitable business process are operation management and customer management.

PT Pos Indonesia Rural Logistic Projects Shared Values in Competing Values Framework

As been stated before that by using the strategy maps, it is known that the values that will be suitable for the PT Pos Indonesia Rural Logistic Projects are Trust, Information, Relationship, Price and Quality Service. The following table shows how the five shared values related to CINTA POS.

	Trust	Information	Relationship	Price	Quality Service
Customer Orientation			X		
Integrity	X				
Networking		X	X		
Teamwork					
Accountable		X			
Professional					X
Obsessed				X	
Spiritual					

Each of the value has its own attributes so that the preferred values can be categorized into other existing values which has the same attributes. In general, trust can be identified to be related with integrity. The attributes of Trust value are mostly about insurance and guarantee. Here, integrity speaks about attitudes that show a consistency between promised words and action. Moreover, integrity highlighted the consistency in every step and action.

Information can be identified to be related with accountable and networking. The attributes of Information value are about communication, good scheduling and information system. Here, accountable speaks about having an openness and transparency in delivering information to the management and employee. This also mean that every decision that been made should have been supported with an accurate data and based on

fact. Networking speaks about developing a communicative attitude between employee and other partners from outside PT Pos Indonesia.

Relationship can be identified to be related with customer orientation and networking. The attributes of Relationship value are about customer care and networking. Here, Customer Orientation speaks about maintaining good relationship with customers and peers but still in a professional attitude. Networking speaks about maintaining relationship in a good harmony with every company's partner and also develops a high respect relationship and treat people as a valuable people

Price can be identified to be related with obsessed. The attributes of Price value are mostly about profit. Here, Obsessed speaks about having achievement motivation which this could lead to profit orientation.

Quality Service can be identifies to be related with professional. The attributes of Quality Service are mostly about the excellence of product and service. Here, Professional speaks about high standard work oriented that could lead to competitive quality and quantity of work. These values combination lead to a more detailed management practice for each of the value that might support The Rural Logistic Project culture performance.

III. Business Solution

Based on the analysis, the hard elements of the 7-S Framework were already can be identified. Therefore, the solution emphasize more in the soft elements which are values, style, staff and skill.

Values

There are several additional values which are suitable for the PT Pos Indonesia Rural Logistic Project. However, PT Pos Indonesia has the intention to keep the existing values. So that it's better for them to combine the additional values with the existing values. The existing values are still CINTA POS yet it is being match to fit in the PT Pos Indonesia Rural Logistic Project.

Style

Based on Quinn's model for the leadership style in the organizations, there are two type of leadership style that suitable for the preferred culture (PT Pos Indonesia Rural Logistic Project). They are the Producer and the Director. To achieve the understanding goal of the Rural

Logistic Project, the management should try to implement the Director leadership style since it has the characteristic of visioning, planning and goal setting. It is also designing and organizing and delegating effectively.

Staff

Since the employees will be place in rural areas, PT Pos Indonesia should design an employee engagement so that they will valued the loyalty for the company. They also need to be well develop to maintain and build the PT Pos Indonesia Rural Logistic reputation since they are the representatives of the company.

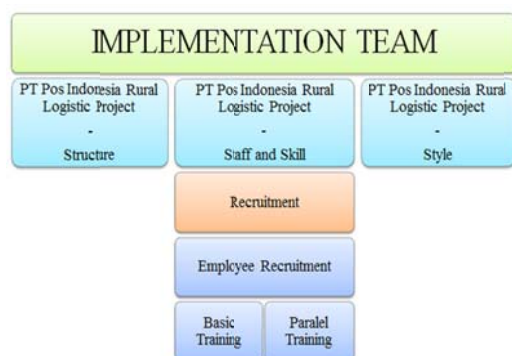
Skill

To fulfill the basic needs of the people in Pos mart and e-trade, PT Pos Indonesia should provide a training and development program to enhance the employees' knowledge and abilities to be more than just a basic skills.

: Need

Pos mart	e-trade
Able to adapt with local citizen	Expert in PT Pos Indonesia value chain
Able to socialize and communicate well with local citizen	Able to manage PT Pos Indonesia's implemented system
Responsive customer care	Responsive customer care
Able to manage PT Pos Indonesia's implemented system	Understand the nowadays technology
Understand the nowadays technology	Able to socialize and communicate well with PT Pos Indonesia related stakeholder in the value chain system

IV. Implementation Plan



The figure above shows the implementation plan for the PT Pos Indonesia Rural Logistic project.

culture. First of all, PT Pos Indonesia needs to develop an implementation team that will be responsible for the successful of the organizational culture and strategy. There are three activities which are related to the 7-S Framework that need to do. The first activity is designing organizational structure, the second activity is developing organization staff and skill and the third activity is providing organization style.

PT Pos Indonesia Rural Logistic Project Structure

This first activity is the fundamental activity. Here, the team needs to develop the organizational structure for the Rural Logistic Project. The development will start from analyzing the value chain process which already been stated in the Rural Logistic Project Business Activity. From the value chain process analysis, the team could provide data which contains the job analysis therefore it would define the job description. By having the job description, then it could provide the job valuation that may lead to the development of the organizational structure. All of these steps must be align with the organizational strategy and shared values.

PT Pos Indonesia Rural Logistic Project Staff and Skill

After developing the organizational structure, then PT Pos Indonesia could design the suitable staff that needed such as how many people that needed and also the skill requirements related to the job description. After having the detailed description for staff and skills, then it should conduct recruitment.

Recruitment

This recruitment is for the employee. It will divided into two type of training activities. They are basic training and parallel training.

Basic Training

This training contains activities such as :

- Introduction to rural logistic (in house training)
- Introduction to vision, mission, goals and values
- Introduction to CINTA POS (in house training)
- Quiz

At the end of this section, there will be quiz. The purpose of the quiz is to make sure that the employees understand that PT Pos Indonesia

Rural Logistic Project image is different from the usual image and therefore they will have the spirit to maintain the new culture and values. The basic training takes one week to deliver.

Parallel Training

Parallel training means that there will be a different training between the Pos mart system and the e-trade system, therefore it needs to be separated. The parallel training contains activities such as :

- Introduction to each of system (in house training)
- Review to vision, mission, goals and values
- CINTA POS for rural logistic (in house training)
- CINTA POS for rural logistic (outbound)
- Written Test
- Simulation Test

Same with the basic training, in the parallel training there will be tests which are written test and simulation test. The purposes are to make sure that employees not only understand and remember the lesson but also implement and embed the lesson into their behavior and everyday activities. The parallel training takes three weeks to deliver.

The whole recruitment system will take total of one month and every employee must attend all of the training. However, there also will also some supported activities that will be a routine activity that will always drive employee to achieve the goals.

The routine activities are :

- Performance evaluation
- Goals achievement evaluation
- Customer intimacy
This activity contains feedback from customer and also provide a customer education system
- Development program
This activity contains:
 - o Employee competitive awareness
 - o Emphasize profit responsibility
 - o Acknowledge and study about competitors
 - o FGD about how to be more competitive than competitors

The recruitment will only take one month in order to avoid time consuming for the effectivity of the project.

PT Pos Indonesia Rural Logistic Project Style

Organizational style is about leadership and organizational culture. For the OCAI analysis, it is already been known what type of suitable leadership for the Rural Logistic Project, therefore PT Pos Indonesia could find the best leaders based on the given data in OCAI. Here, the leaders which are being recruited are the leaders with the CINTA POS-Rural Logistic values knowledge and market culture. Leaders should be the best role model in implementing values and driving the culture, so it is the leader who must have a deep understanding about the culture and values. There will be an outbound program and also review test to make sure that the managers are ready to be a role model for the employees.

VI. References

- [1] Cameron, K. and Quinn, R. (n.d.) *Diagnosing and Changing Organizational Culture Based on The Competing Values Framework*. United States of America: Jossey-Bass.
- [2] Chatab, N. (2007) *Profil Budaya Organisasi "Mendiagnosis Budaya dan Merangsang Perubahannya"*. Bandung: Alfabeta.
- [3] Pusat Pengkajian Logistik dan Rantai Pasok Lembaga Penelitian dan Pengabdian Kepada Masyarakat (2012) *Outline Laporan Action Plan Pilot Project Bisnis Rural Logistik PT. Pos Indonesia*. [press release], Mei 2012.